THIS OPINION WAS NOT WRITTEN FOR PUBLICATION

The opinion in support of the decision being entered today (1) was not written for publication in a law journal and (2) is not binding precedent of the Board.

Paper No. 34

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte IRAH H. DONNER

Appeal No. 96-2552
Application 08/161,816[1]

ON BRIEF

Before HARKCOM, Vice Chief Administrative Patent Judge, and JERRY SMITH and BARRETT, Administrative Patent Judges.

BARRETT, Administrative Patent Judge.

DECISION ON APPEAL

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[1] Application for patent filed December 6, 1993, entitled "Intellectual Property Audit System."

This is an appeal under 35 U.S.C. § 134 of the final rejection of claims 1, 3-8, 10-12, 14-16, 18, 19, and 21-27. Claims 2, 9, 13, 17, and 20 have been canceled. The amendment after final received March 24, 1995 (Paper No. 14), and the amendment after final received March 28, 1996 (Paper No. 23), have not been entered.

We reverse.

BACKGROUND

The disclosed invention is directed to an apparatus and computer-implemented process to automatically determine an estimated value of an intellectual property portfolio.

Claim 11 reads as follows:

> 11. A computer-implemented intellectual property method for automatically determining a machine implemented estimated value of an intellectual property portfolio, comprising the steps of:
>
> (a) storing first objectively determinable characteristics of representative intellectual property portfolios and objectively determinable values corresponding to each of the representative intellectual property portfolios, the first objectively determinable characteristics and the objectively determinable values forming a baseline against which to assess the estimated value of the intellectual property portfolio;
>
> (b) analyzing the intellectual property portfolio stored in an intellectual property database to determine second objectively determinable characteristics of the intellectual property portfolio to be estimated;

(c) deriving first information representing the second objectively determinable characteristics of the intellectual property portfolio to be estimated responsive to said analyzing step (b) and generating a first electrical signal indicative of the first information;

(d) retrieving second information representing the first objectively determinable characteristics and the objectively determinable values of the representative intellectual property portfolios and generating a second electrical signal indicative of the second information; and

(e) comparing the first signal indicative of the first information received from said deriving step (c) to the second signal indicative of the second information received from said retrieving step (d) producing an estimated value electrical signal indicating the estimated value of the intellectual property portfolio when the first information of the intellectual property portfolio is statistically similar to the second information of one of the representative intellectual property portfolios,

wherein the intellectual property database includes one of a patent database, a trademark database, and a copyright database, and the intellectual property database further includes one of a legal reporter database, a current events database and an intellectual property status database.

The examiner does not rely on any prior art references.

Claims 1, 3-8, 10-12, 14-16, 18, 19, and 21-27 stand rejected under 35 U.S.C. § 101 as being directed to nonstatutory subject matter, in particular, to a method of doing business. The application was remanded by order entered

July 10, 1995 (Paper No. 26), to reconsider the rejection under 35 U.S.C. § 101 in view of proposed Patent and Trademark Office (PTO) guidelines which issued as Examination Guidelines for Computer-Related Inventions, 1184 Off. Gaz. Pat. & Trademark Office 87 (March 26, 1996). The examiner maintained the rejection "since there is no practical application having a physical transformation in the industrial arts" ([Second] Sup. Examiner's Answer, Paper No. 28, page 1). The examiner states that "the gist of the overall invention resides in the abstract idea for business financial calculations/determinations (e.g. to estimate the value) which lacks the required physical transformation in the industrial arts for a practical application" (EA2). The examiner relies on the business methods analysis in the district court's decision in State Street Bank & Trust Co. v. Signature Financial Group Inc., 38 USPQ 1530 (D. Mass. 1996), rev'd and remanded, 149 F.3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998).

We refer to the Examiner's Answer (Paper No. 18), the Supplemental Examiner's Answer (Paper No. 25), and the [Second] Supplemental Examiner's Answer (Paper No. 28) for a statement of the examiner's position and to the Appeal Brief

(Paper No. 17), the Reply Brief (Paper No. 19), and the Supplemental Reply Brief (Paper No. 21) for a statement of appellant's position.

OPINION

The Federal Circuit recently held that there is no special "business method" exception to § 101. State Street, 149 F.3d at 1375-77, 47 USPQ2d at 1602-04, 1998). For this reason alone the examiner's rejection must be reversed based on superseding case law. In addition, however, we have several other comments regarding the rejection.

First, the examiner does not come to grips with the apparatus nature of independent claims 1, 26, and 27. Claims in apparatus form conventionally fall into the 35 U.S.C. § 101 statutory category of a "machine." The exceptions to § 101, such as mathematical algorithms per se and "business methods" (to the extent such an exception was recognized before State Street), applied to "processes" under § 101 because processes are abstract in the sense that they do not have to be performed with any particular apparatus. To the best of our knowledge, only apparatus claims drafted in means-plus-function language under § 112, sixth paragraph, were ever

treated as process claims. Claims 1 and 26 are not in means-plus-function format. Appellant's independent claim 1 is directed to "An intellectual property computer-implemented system" and independent claim 26 is directed to "A computer architecture." The claims include specific computer components. For example, claim 1 recites "a first database," "a database access and collection device connected to be responsive to said first database and accessing said first database," "a second database," and "a comparison device connected to be responsive to said database access and collection device and to said second database." Claims 1 and 26 are drafted as "machine" claims and the examiner has not explained how such claims could be treated as a process under the relevant case law. Consequently, this is another reason why the rejection of claims 1, 3-8, 10, 21-23, and 26 is reversed.

Claim 27 is drafted in means-plus-function format. The treatment of "means" claims as process claims has been modified by State Street. The district court in State Street construed the claims to be directed to a process, with each "means" clause merely representing a step in that process.

The Federal Circuit stated, 149 F.3d at 1371, 47 USPQ2d at 1599: "However, 'machine' claims having 'means' clauses may only be reasonably viewed as process claims if there is no supporting structure in the written description that corresponds to the claimed 'means' elements." The Federal Circuit stated that independent claim 1, when properly construed under 35 U.S.C. § 112, sixth paragraph, is a machine. Claim 1 is set forth in the decision with "the subject matter in brackets stating the structure the written description discloses as corresponding to the respective 'means' recited in the claims," 149 F.3d at 1371, 47 USPQ2d at 1599. As will be shown, the Federal Circuit's decision appears to substantially limit the treatment of "means" claims as process claims.

At issue in State Street was U.S. Patent 5,193,056, issued to Boes, and assigned to Signature Financial Group, Inc. The only structure disclosed in the Boes patent was "a personal computer 44 programmed with software 50" (col. 6, line 49). "The personal computer 44 used by portfolio/fund accountant 43 is capable of producing printed output 46 and storing data on data disk 52, which preferably is a floppy

disk, although other types of storage media may be used." (Col. 6, lines 52-56.) The personal computer has a cathode ray tube (CRT) display (col. 7, line 60) and a way (undisclosed, but conventionally a keyboard) to allow a user to manually enter data (col. 8, lines 53-58). The Federal Circuit construed the "computer processor means" in claim 1 as a personal computer including a CPU", construed "first means for initializing the storage medium" as "an arithmetic logic circuit configured to prepare the data disk to magnetically store selected data," and second, third, fourth, and fifth means as the arithmetic logic circuit configured to perform the various functions. Thus, although Boes did not describe the internal structure of the computer as having a CPU and arithmetic logic circuit, or the correspondence to the claimed means, this conventional computer structure was considered to be the structure corresponding to the claimed means. Claim 1 was not treated as a process claim despite the fact that Boes did not describe any particular kind of computer. The Federal Circuit's treatment of "means" claims is consistent with the decision in In re Alappat, 33 F.3d 1526, 1541, 31 USPQ2d 1545, 1555 (Fed. Cir. 1994) (in banc) in which claims in means-plus-

function language which read on both special disclosed computer structure and on a general purpose computer were held to be statutory as a machine. Therefore, it now appears that "means" claims will not be treated as process claims even if the only structure disclosed is a general purpose computer. For this additional reason, claim 27 is considered within the § 101 statutory class of a "machine" and the rejection of claim 27 is reversed.

Second, process claim 11 recites a "computer-implemented intellectual property method" which performs the steps of "storing," "analyzing," "deriving," "retrieving," and "comparing," which are all physical method steps carried out by the computer. In addition, the "generating a first electrical signal indicative of the first information," "generating a second electrical signal indicative of the second information," "comparing the first signal . . . to the second signal," and "producing an estimated value electrical signal indicating the estimated value" all require a physical electrical signal. This is unlike "signals" in nonstatutory claims which "may represent either physical quantities or abstract quantities." In re Walter, 618 F.2d 758, 770,

205 USPQ 397, 409 (CCPA 1980). It appears from the examiner's arguments that the examiner did not afford any weight to the physical aspects of the claims. Nevertheless, since we reverse the rejection for other reasons, it is not necessary to decide the case on this issue.

Third, the analysis that the claims do not recite a "practical application having a physical transformation in the industrial arts" ([Second] Sup. Examiner's Answer, page 1) has been modified by State Street. The Federal Circuit noted that a "practical application" was "a useful, concrete and tangible result." State Street, 149 F.3d at 1373, 47 USPQ2d at 1600-01. The Court further stated, id., 47 USPQ2d at 1601:

> Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces "a useful, concrete and tangible result"--a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades.

Although this statement is made with respect to mathematical calculations, it is manifestly intended to apply to the analysis of other "abstract ideas." Thus, a "process" no longer requires a physical transformation of something to a

different state or thing: transformation of data is sufficient if it produces "a useful, concrete and tangible result." This reasoning appears intended to be broadly construed. The claimed results of "determining the estimated valued of the intellectual property portfolio" (claims 1, 26, and 27) and "indicating the estimated valued of the intellectual property portfolio" (claim 11) all seem to be "a useful, concrete and tangible result" and, hence, a practical application which renders the claimed subject matter statutory. For this additional reason, the rejection of claims 1, 3-8, 10-12, 14-16, 18, 19, and 21-27 is reversed.

CONCLUSION

The rejection of claims 1, 3-8, 10-12, 14-16, 18, 19, and 21-27 is reversed.

REVERSED

GARY V. HARKCOM Vice Chief Administrative Patent Judge	)	
JERRY SMITH Administrative Patent Judge	)	BOARD OF APPEALS AND INTERFERENCES
LEE E. BARRETT Administrative Patent Judge	)	

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